

106TH CONGRESS
2D SESSION

S. 3145

To amend the Internal Revenue Code of 1986 to clarify the treatment under the tax-exempt bond rules of prepayments for certain commodities.

IN THE SENATE OF THE UNITED STATES

OCTOBER 2 (legislative day, SEPTEMBER 22), 2000

Mr. BREAUX introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to clarify the treatment under the tax-exempt bond rules of prepayments for certain commodities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Municipal Utility Fair-
5 ness Act of 2000”.

6 **SEC. 2. ARBITRAGE RULES NOT TO APPLY TO PREPAY-**
7 **MENTS FOR NATURAL GAS AND OTHER COM-**
8 **MODITIES.**

9 (a) IN GENERAL.—Subsection (b) of section 148 of
10 the Internal Revenue Code of 1986 (defining higher yield-

1 ing investments) is amended by adding at the end the fol-
 2 lowing new paragraph:

3 “(4) EXCEPTION FOR CERTAIN PREPAYMENTS
 4 TO ENSURE COMMODITY SUPPLY.—The term ‘invest-
 5 ment property’ shall not include a prepayment by an
 6 issuer of bonds in order to ensure the supply of a
 7 commodity necessary to, and used in a business of,
 8 a governmental unit.”

9 (b) EFFECTIVE DATE.—The amendment made by
 10 this section shall take effect as if included in the amend-
 11 ments made by section 1301 of the Tax Reform Act of
 12 1986.

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